Crown Corporation
BUSINESS PLANS

FOR THE FISCAL YEAR 2014–2015

Crop and Livestock Insurance Commission

Business Plan 2014–2015

Table of Contents

Message from the Minister, Chair, and CEO .....
Mission .....
Link to the Department of Agriculture Mandate .....
Planning Context .....
Strategic Goals .....
Core Business Area .....
Priorities for 2014–2015 .....
Finance .....
Budget Context .....
Outcome and Performance Measures .....

Message from the Minister, Chair, and CEO

We are pleased to present the Crop and Livestock Insurance Commission's business plan for 2014–15. The plan outlines the commission's continued commitment to offer Nova Scotia's primary agricultural producers insurance against production losses. This business plan supports the province's priorities of encouraging prosperous businesses of all sizes — creating jobs across the province while at the same time encouraging responsible fiscal management.

The AgriInsurance product line continues to expand the opportunities for risk transfer in the production of agricultural products. The commission continues to expand its product line, offering increased benefits and more insurance options. These products are developed and tested in Nova Scotia for the province's unique agronomic mix and business needs.

The commission continues to work toward increased administrative efficiency, particularly related to its information management system. The development of a new information technology system to replace the current outdated and inefficient system has been identified as critical to ensuring that the commission is able to meet the needs of its clients and funding partners.

The Hon. Keith Colwell, Minister
Agriculture

Mr. Avard Bentley
Chair

Mr. Bill MacLeod, PAg
CEO

Mission

The mission of the Crop and Livestock Insurance Commission is to provide Nova Scotia farm managers with insurance products with which they can manage the financial risk associated with reduced crop yields or animal production losses due to insurable perils.

Link to the Department of Agriculture Mandate

The Department of Agriculture has a mandate to support the development of a competitive, sustainable, and profitable agriculture and agri-product industry that contributes to the economic, environmental, and social prosperity of Nova Scotia's rural and urban communities. The Nova Scotia Crop and Livestock Insurance Commission supports this mandate by providing agricultural entrepreneurs with the opportunity to cover off some of the risk of financial losses caused by crop failures, thus strengthening the fabric of rural economies in Nova Scotia. The commission supports the growth and development of the agriculture industry through its crop- and livestock-based insurance programs, encouraging good jobs and economic growth in the province's rural communities. The introduction of additional insurance products through collaboration with industry stakeholders will provide more farm producers with access to AgriInsurance and expand the risk management options for those already actively managing their production risks.

Planning Context

The Nova Scotia Crop Insurance Commission was established in 1968 to provide Nova Scotia farmers the opportunity to manage the risk of production failure. The Nova Scotia Crop Insurance Act was amended in 1978 to provide for the administration of the Livestock Insurance Program and is now cited as the Nova Scotia Crop and Livestock Insurance Act.

The commission reports to the Minister of Agriculture and is a key component of the business risk management services that the department offers to the industry under the AgriInsurance platform. It administers 14 crop insurance plans, a dairy livestock insurance plan, and a Poultry Insurance plan. The commission also administers a Wildlife Compensation Program under the AgriInsurance platform, which, while not an insurance-based program, compensates farmers for losses as a result of uncontrollable wildlife. Cost sharing of AgriInsurance (also known as Production Insurance and Crop Insurance) in Nova Scotia is governed by *Growing Forward 2*: a federal-provincial-territorial framework agreement on agriculture, agri-food and agri-based products policy. This agreement outlines the cost sharing arrangements and administrative requirements that govern the design and delivery of AgriInsurance programs.

Federal and provincial policy direction has encouraged the expansion and

strengthening of the role of the AgriInsurance programs to offer more coverage to commercially grown crops and livestock species. In this context, the commission is continuing to develop insurance products for crops and livestock that have not traditionally been covered under AgriInsurance in Nova Scotia.

Administratively, the commission will continue to review its staffing needs and its succession planning strategy, which recognizes anticipated retirements in the next one to five years. The ability to refill positions will affect the delivery of the commission's programs. The commission will continue to review staff training and development needs during the coming year.

Since 2005, the commission has recognized the need to improve its service delivery and in particular to modernize its information management capabilities. While progress has been slow and has suffered a number of setbacks, this work has been identified as a critical need for the effective delivery of the commission's programs and services. A renewed emphasis on the redesign of the commission's IT infrastructure has recently resulted in significant improvements. This work will continue over the next two to three years, using internal resources and a phased approach to modernize these systems.

Strategic Goals

- To support the economic growth of the province through provision of insurance products that help to stabilize the incomes of agricultural businesses.
- To support industry development through increased program participation by expanding programming to include new insurance plans under conventional production insurance, and to introduce product innovations that broaden the income stabilization capacity of farm businesses.
- To improve service delivery to clients by reducing red tape and modernizing the commission's information management and data handling capabilities to improve their reliability, accuracy, efficiency, and security.

Core Business Area

The core business of the Crop and Livestock Insurance Commission is the delivery of insurance products for production agriculture. Its business is conducted pursuant to federal and provincial regulations and in accordance with the Business Risk Management chapter (Part III Annex B) of *Growing Forward 2*.

Priorities for 2014–2015

The commission's priority is to increase the insurance coverage it offers to Nova Scotia agricultural production. The value of coverage is actively managed by increasing the number of clients using AgriInsurance and by increasing the number of products offered and the range of options available to clients. In support of the development

of a competitive business climate that stabilizes farm incomes and encourages economic growth and increases jobs in Nova Scotia's rural and coastal communities, the commission will pursue increased program participation through the following:

1. Program expansion/ enhancements, including

a. The commission will continue to consult with industry stakeholder groups to review current policies and regulations aimed at improving existing insurance plans (e.g., Potato Plan updates, updates to Dairy Livestock Plan, and revisions to the Strawberry Plan).

b. The commission will work with industry stakeholders on the development of new insurance programs in sectors such as grapes, Christmas trees, and strawberry nursery plants.

c. The commission will continue updating the form and content of the current Dairy Regulation and review potential improvements to the dairy plan aimed at expanding coverage.

d. Commission staff will continue development of an acreage loss program for vegetables to provide an innovative option to conventional yield-based insurance plans.

e. The commission will continue to work with stakeholder groups to review the effectiveness of its Wildlife Compensation Program.

2. Administrative priorities

a. Over the next two years, using a phased approach, the commission will continue to modernize its information technology infrastructure to achieve a more accurate, reliable, secure, and efficient data handling system.

b. The commission will continue to promote AgriInsurance as a key business management option for agricultural producers in Nova Scotia.

Finance

The commission budget is included in the budget estimates of the Department of Agriculture. The Implementation Agreement under *Growing Forward* provides for reimbursement of 60 per cent of the administrative costs relative to AgriInsurance and Wildlife Compensation. Premiums paid by clients and by the federal government are not included in the departmental budget figures and are administered directly by the commission.

Budget Context

Estimate of Income and Fund Balances

	Authority 2013–14 ($ 000)	Forecast 2013–14 ($ 000)	Budget 2014–15 ($ 000)
Revenues			
Insurance premiums paid by clients	818	792	868
Insurance premiums contributed by government (federal)	736	670	736
Wildlife compensation payments (federal)	150	45	150
Insurance premiums contributed by government (provincial)	491	447	491
Wildlife compensation payments (provincial)	100	30	100
Interest income	80	75	75
Total revenues	**2,375**	**2,059**	**2,420**
Expenses			
Indemnity claims	1,800	2,241	2,000
Wildlife compensation payments	250	75	200
Reinsurance premiums	0	0	0
Bad-debt expense	5	5	5
Total expenses	**2,055**	**2,321**	**2,205**
Net income from insurance activities	**320**	**(262)**	**215**
Crop and Livestock Insurance Fund balance			
Beginning of year	3,350	3,350	3,088
End of year	3,670	3,088	3,303
Administrative expenses			
Government contributions (Canada)	628	595	629
Government contributions (Nova Scotia)	418	443	456
Total administrative expenses	**1,046**	**1,038**	**1,085**
Net government expenditure			
Canada (premium + administration)	1,514	1,310	1,515
Nova Scotia (premium + administration)	1,009	920	1,047
Total program expenditure	**2,523**	**2,230**	**2,562**

Outcomes and Performance Measures

Core Business Area *Delivery of Insurance Products for Production Agriculture*

Outcome	Measure	Data Base Year 2008–09	Target 2014–15	Ultimate Target 2017–18	Trends	Strategies to Achieve Target
Increased income stability of farm businesses	Number of AgriInsurance contracts	700	750	900	2009–10:712 2010–11:745 2011–12:659 2012–13:674	Improve program effectiveness and flexibility through introduction of new insurance plans and promotion of insurance plans to attract new clients
	$ value of coverage	$127.8 million	$140 million	$150 million	2009–10:$135.6 million 2010–11:$140.8 million 2011–12:$141.2 million 2012–13:$177.6 million	Introduction of new insurance programs,; expansion of existing plans
	Number of AgriInsurance products available	36	50	55	2009–10:35 2010–11:38 2011–12:41 2012–13:47	Results of the introduction of new plans
	Value of compensation paid for wildlife damage	$110,000	$200,000	$250,000	2009–10:$147,000 2010–11:$201,000 2011–12:$183,000 2012–13:$82,000	Includes federal and provincial compensation paid to producers for damage from wildlife Continued promotion of this program

Core Business Area *Delivery of Insurance Products for Production Agriculture*

Outcome	Measure	Data Base Year 2008–09	Target 2014–15	Ultimate Target 2017–18	Trends	Strategies to Achieve Target
	Ratio of insured production to total value of all products eligible for insurance in NS (excludes livestock)	25.25%	30%	50%	2009–10: 28.32% 2010–11: 30.41% 2011–12: 23.44% 2012–13: 23.11%	New performance measure — measures the uptake by producers of the programs offered by AgriInsurance
	Ratio of agricultural products eligible for insurance to value of all agricultural products in NS (excludes livestock)	57.78%	60%	75%	2009–10: 52.21% 2010–11: 44.31% 2011–12: 60.64% 2012–13: 57.17%	New performance measure — measures the portion of Nova Scotia's agricultural industry being offered AgriInsurance coverage

Note: The base year 2008–09 represents the start of the *Growing Forward* agreement, which ended in 2012–13 and was replaced by *Growing Forward 2*.
The Ultimate Target (2017–18) marks the end of the *Growing Forward 2* agreement.